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Testimony on SB 1087 before Senate Banking Committee

My name is Murray Brown, Legislative Consultant for the Michigan Mortgage Lenders Association. On behalf of the Association, I would like to thank Chairman Booher and the Committee for the opportunity to testify in support of SB 1087. SB 1087 would amend the Mortgage Loan Originator Licensing Act (MLOLA) to exempt from licensure employees (loss mitigation staff) of mortgage servicers who work with homeowners to modify the terms of their mortgages that are in default, in an attempt to avoid foreclosure.

Under the Federal Consumer Financial Protection Bureau (CFPB) Rule 1026.36 (1)(E), servicer loss mitigation employees are exempt from state licensing requirements if they offer terms for renegotiating, modifying, or replacing mortgages in default, or have a reasonable likelihood of defaulting. The existing language in the (MLOLA) does not have the CFPB Rule 1026.36 (1)(E) exemption. MLOLA was enacted in 2009 prior to the issuance of the CFPB rule. Federal law and the CFPB regulation do not preclude states from imposing more stringent requirements in state law than what exists in the CFPB regulation. Currently, twenty states have exemptions for servicer loss mitigation staff in their mortgage loan originator (MLO) licensing act. This places Michigan's non-depository servicers at a competitive disadvantage since they have to incur additional expenses for MLO licensing of loss mitigation staff. Michigan is the home state for several large non-depository servicers that are placed at a competitive cost disadvantage resulting from the existing requirement for MLO licensing of loss-mitigation staff.

Mission Statement: To promote the common interest and professionalism of the mortgage lending industry by providing our members with valuable resources, an effective legislative voice and quality education that will guide the people of the state of Michigan in the achievement of the American Dream of successful home ownership.